



Australian Bureau of Statistics

6102.0 - Labour Statistics: Concepts, Sources and Methods, 2001

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INTRODUCTION

26.1 The Labour Costs Survey has been conducted on an irregular basis since 1985-86 and was most recently conducted in respect of 1996-97. The survey produces statistics on the main costs incurred by businesses as a consequence of employing labour. Data from the survey are used by a wide range of users for labour market analysis. In particular, they are used by Governments for employment, prices and income policy development, for monitoring changes in the cost of labour, and for wage determination purposes.

SURVEY OUTPUT

26.2 Estimates are published in **Labour Costs, Australia** (Cat. no. 6348.0). More detailed estimates are available through data requests.

26.3 The population of interest is civilian employee jobs based in Australia, for which payments in relation to certain labour costs incurred, were made during the survey reference period, in this instance the financial year. A number of series are compiled from the survey based on various components of employer labour costs:

- earnings (gross wages and salaries; taxable fringe benefits; and severance, termination and redundancy payments);
- payroll tax;
- superannuation;
- workers' compensation; and
- fringe benefits tax.

26.4 Data can be classified by State or Territory, sector (public/private), level of government, public institutional sector, industry and employer size. The following units of measure are available: total costs; costs per employee; costs as a percentage of total labour costs; and on-costs (i.e. costs in addition to earnings) as a percentage of earnings.

26.5 Data from the survey are available on an original basis only.

26.6 Data collected in the survey are compiled according to concepts and definitions outlined in Chapter 11. All labour costs are collected on a strict cash basis i.e. they reflect actual payments made in the survey reference period (see paragraph 26.8 below). As such they do not reflect costs incurred in the reference period for which payments are made in a later period, but they include payments made in the survey reference period for costs incurred in a prior period.

26.7 Labour costs not covered by this survey include training costs, costs associated with employee welfare services, and recruitment costs. With the exception of training costs, these items are not considered to make a significant contribution to total labour costs. Earnings estimates from the survey are broader than, and thus not directly comparable with, earnings estimates from the Survey of Average Weekly Earnings (AWE), and the Employee Earnings and Hours Survey (EEH).

SCOPE

26.8 The scope of the survey is restricted to employing businesses (MUSs). In addition, the standard scope exclusions for ABS labour-related business surveys (outlined in Chapter 23) apply to this survey.

SURVEY METHODOLOGY

26.9 Detailed information is obtained about labour costs from selected employers using a mail-out/mail-back collection methodology.

26.10 The survey reference period is the financial year ended 30 June.

26.11 Information is collected directly from respondents on earnings and other labour costs (i.e. superannuation, workers' compensation, payroll tax, fringe benefits tax). Superannuation boards, Treasury departments and several workers' compensation boards provide details directly to the ABS on superannuation and workers' compensation, for some government organisations. Additional information is obtained from the public accounts of the Commonwealth, States and Territories and from the annual reports of some agencies.

26.12 Respondents who do not mail back their completed questionnaire within a reasonable period of time after the survey reference date are followed up by mail and then telephoned if necessary. Response rates averaged 98% for the 1996-97 collection.

SAMPLE DESIGN

26.13 The selection unit for the survey is the Management Unit/State (MUS). The collection and reporting units used in the survey usually correspond to the selection unit. However, where the MUS unit is unable to provide information required for the survey, it may be split into a number of 'reporting units'. For further information on statistical units used in ABS business surveys refer to Chapter 23.

26.14 A probability sample of employing businesses (MUS units) is drawn from the ABS Business Register using the process outlined in Chapter 23. Variables used to stratify the survey frame are:

- State or Territory;
- sector - the public and private sectors are stratified separately;
- industry - industry stratification is based on ANZSIC division; and
- employment size - the ranges used vary between States and Territories, sectors and industries.

26.15 Strata on the survey frame that are completely enumerated include those containing MUSs with benchmark employment greater than a set cutoff (this cutoff will vary for different States/Territories) and strata with a very small number of MUSs. Strata which are completely enumerated because they contain a low number of MUSs may become sampled strata if the number of MUSs in those strata increases sufficiently.

26.16 In addition to constraints outlined in Chapter 23, sample selection is constrained by ensuring there is minimum overlap with other labour-related business surveys.

SAMPLE SIZE AND ALLOCATION

26.17 For the 1996-97 survey, approximately 8,200 MUSs were selected in the sample to yield a live sample of approximately 6,000 MUSs.

26.18 Estimates of population variance for each stratum were calculated using earnings data from the Survey of Employment and Earnings (SEE). This information, together with estimates of population size for each stratum, was used to allocate the Labour Costs Survey sample to ensure that proportionally more sample was allocated to larger and more variable strata.

SAMPLE RESELECTION

26.19 The ABS reselects the sample for the Labour Costs Survey each time it is conducted. At the same time the overall design of the sample is examined to ensure that it remains efficient and cost-effective.

ESTIMATION

26.20 Both ratio estimation and number-raised estimation (for some strata) are used.

26.21 Survey outliers are handled by using the 'surprise outlier' technique.

26.22 Live Respondent Mean imputation is applied to all sample sector non-respondents that are not identified as being defunct.

26.23 Clerical imputation is carried out for units which are unable or unwilling to provide data. This includes sample sector units that can only provide part data or that only operate for part of the reference period, and completely enumerated units that operate for the whole reference period but cannot or will not supply data. For units which can only provide part of the data, stratum averages are used to impute for the remaining data items. For units which only operate for part of the reference period, stratum averages are used to impute for all data items on a pro rata basis, depending on when the operations cease. For outstanding completely enumerated units, employment and gross earnings data are obtained from the SEE, if available. If SEE data are not available, the unit's benchmark employment is used in conjunction with stratum averages. The remaining data items are imputed based on stratum averages.

26.24 Adjustments are made to survey estimates to account for births and deaths of businesses that have occurred up to the end of the survey reference period but which are not reflected on the survey frame.

26.25 For further information on estimation methods used in ABS Business Surveys, refer to

RELIABILITY OF THE ESTIMATES

26.26 Estimates from the survey are subject to both sampling and non-sampling error. The relative standard errors of survey estimates are published in **Labour Costs, Australia** (Cat. no. 6348.0).

26.27 The 'jack-knife' approach is used to calculate estimates of variance for this survey.

DATA COMPARABILITY OVER TIME

26.28 In order to provide a high degree of consistency and comparability over time, changes to survey methods, survey concepts, data item definitions, and frequency of collection, are made as infrequently as possible. Significant changes have included:

1983-84 Annual survey commenced for this reference year.

1991-92 Last year for which survey was conducted on an annual basis.

1993-94 Survey conducted for this reference year. Survey redesigned on an ANZSIC industry basis. Collection methodology for superannuation coverage and collection of fringe benefits/fringe benefits tax improved.

1996-97 Survey repeated with increased sample size. Collection form redesigned. Introduction of Live Respondent Mean imputation for the sampled sector. Jack-knife variance estimation system introduced. Change in reporting arrangements for superannuation by Commonwealth general government organisations.

26.29 Although many estimates from previous collection cycles are on a consistent basis, care should be taken in using data from this survey as a time series. The survey is designed to give an accurate 'snapshot' of data rather than an ongoing series of observations over time. Hence the survey methodology and sample design are not specifically set up to provide time series data e.g. the sample is not set up to necessarily have the same businesses in it for more than one year.

FURTHER INFORMATION

26.30 For further details contact the Assistant Director, Labour Employer Surveys Section, on Perth (08) 9360 5245.

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